



A Study of Major Gift Potential in the Netherlands

September 2006



A Study of Major Gift Potential in the Netherlands

September 2006

Sponsored by SAZ Marketing Amsterdam BV

www.factory.com

Introduction

This research report is the first of its type for the Netherlands – an in-depth market study on the potential for major gift fundraising in the Netherlands.

The study has been made possible by the generosity of more than twenty nonprofit partners as well as donors, advisers and other contacts, who have given us their time and their knowledge in one-to-one interviews. Without their support, openness and guidance this report could not have been written, and we are very grateful to them.

The report is a collaboration between two agencies – Factory and SAZ. Factory, www.factory.com, is a research consultancy specialising in strategic funding for nonprofits. SAZ Marketing (www.saz.nl), part of the SAZ Group, is a full service direct marketing bureau specialised in fundraising for charities. SAZ integrates several communications disciplines including telemarketing and direct mail.

Definitions

Key words and phrases in this report;

Major donor

Donor of a major gift

Major gift

A philanthropic gift to a NPO that is large by that NPO's standards and where it would be worthwhile for the NPO to give the donor personal serviceⁱ

Major gift fundraising

Systematic, managed approach to developing major giving for an NPO. Normally requires that the NPO give highly personalised service to the donor.

NPO

Non Profit Organisation

Includes NGOs, "charities", universities, environmental and arts organisations

Strategic funding

In the NPO context this means substantial funding, typically from an individual, foundation, company or government

Note that we use the English annotation for numbers. Thus one thousand is 1,000 and three decimal one four one five nine is 3.14159. One million is written 1m and one billion 1bn. One billion is 1,000,000,000.

Summary and Index

This report features the following sections;

Page	Contents
2	Introduction
3	Definitions
4	Summary and Index
6	Methodology
	This research project is based on a combination of personal, in depth interviews, and desk research during the period April-September 2006.
7	Sector Background, Wealth and Philanthropy
	We provide data on the size of the nonprofit sector and the value of philanthropy in the Netherlands. We review data on wealth and demonstrate the substantial potential for major gift fundraising.
10	Major Gifts Are Happening
	Spontaneous large gifts are occurring. We take this as strong evidence of potential. We list large gifts and attempt a definition of “major gift.”
12	Proactive Major Gift Fundraising is New
	Major giving must be seen in the context of other forms of fundraising. We discuss legacies and “middle gift” programmes, and conclude that major gift fundraising will continue to form part of a mix of fundraising techniques.
14	Who are the Major Donors?
	In this section we describe the key characteristics of major donors in the Netherlands, and review the special place of women in philanthropy. We make the distinction between “old wealth” and “new wealth” and describe entrepreneur philanthropists.
18	Motivations
	Major donors, like all donors, are motivated by a wide variety of factors. We cover the key areas including religion, tax, personal interest, a sense of responsibility, personal connection and special service. We touch on the sensitive issue of talking about money.
22	Donor Expectations
	This section reviews the expectations of donors as they express them personally, and the expectations of their professional advisors, and fundraisers. We found that each group has different expectations of NPOs. Donors want individual, personalised service. Advisers want fast, effective service. NPOs have to manage service levels within small budgets.
26	Major Donor Programme Management and Strategies
	We review service levels given by NPOs to major donors, strategies for development, prospect research and new ways of financing NPOs.

32 Internal Barriers

We cover the “barriers” preventing the development of major gift fundraising in two sections, starting with those inside organisations, where we find significant barriers with the Board, with low levels of staffing, and with the lack of training.

36 External Barriers

These market-related barriers include scandal and transparency, and tax. We cover the controversy surrounding the CBF, and the significant growth area of “Do It Yourself” philanthropy.

39 Future Development

The overall theme of this report is the potential for growth in major gift fundraising in the Netherlands. We note other potential developments in this section including the growing number of women philanthropists and the interest in donor-advised funds.

41 Lessons from This Research

Our conclusions.

44 Footnotes and references

Methodology

The core research method for this report was interview. To carry out the research we first built a list of potential interviewees, aiming for a spread of organisations and people – including interviewees from each of the following categories;

- Academics
- Donors and Philanthropists
- Foundations
- Fundraisers large nonprofit
- Fundraisers small nonprofit
- Private Banks
- Sector Professionals

This research was qualitative – we were interested in points of view and personal experiences, not in trying to build a statistical picture of major giving in the Netherlands. So, while we sampled each of the areas of nonprofit and philanthropic life in the Netherlands we did **not** attempt to interview a statistically representative sample.

We carried out a total of 29 full (60-90 minute) interviews and a number of shorter interviews in the period April to September 2006. We backed up these interviews with desk research.

Interviews

Our interviews;

- Were confidential (we told interviewees that we would report the overall findings of the interviews)
- Were based on a structured set of questions, that was sent to interviewees in advance where requested
- Were carried out by professional researchers

The interviews covered;

- Fundraising methods and techniques
- Any existing major gifts - whether they are spontaneous or actively fundraised
- Relationships with donors and potential donors
- Information on donors – their characteristics and interests
- Governance and management of fundraising
- Attitudes and views on major gift fundraising in the Netherlands
- Bridges and barriers - such as tax (fiscal), payment systems, training, information, budgets and management
- Views on the future of fundraising, including major gift fundraising

Sector Background, Wealth and Philanthropy

Size and Value of the Non-profit Sector

The Netherlands has one of the largest non-profit sectors in the world. With the equivalent of nearly 653,000 full-time equivalent paid workers, representing 12.6% of non-agricultural employment and 28% of service employment, the Dutch non-profit sector ranked number one of the 22 countries studied as part of the Johns Hopkins University's Comparative Nonprofit Sector Project (1999)ⁱⁱ. It also accounts for a substantial share of the national economy, showing operating expenditure of \$60.4 billion in 1995, or 15% of GDP.

The division of Dutch society along religious and political lines into "Pillars," or *Verzuiling*, the long standing and deeply rooted preference for private over state provision, and the widespread public funding of a decentralized welfare state have boosted non-profit activities.

As a result, the Dutch non-profit sector follows a similar pattern to other Continental European countries, relying predominantly on state funding. Public funds accounted for 59% of the sector's income in 1995, while fees and private giving represented 38% and 3%, respectively.

There are no precise figures about the number and value of non-profit organisations active in the Netherlands. The Donateursvereniging provides the following estimateⁱⁱⁱ. Of the 184,000 associations and foundations registered with the Chamber of Commerce, some 30,000 are public benefit organisations «Goede Doelen». 16,000 organisations are actually recognized as «public interest organisation» by the tax authorities. Among the recognized public interest organisations, some 4,000 are endowed foundations (vermogensfonds) and about 12,000 fundraising organisations. About 450 fundraising organisations are filing their accounts with the Centraal Bureau Fondsenwerving. These organisations together have a total income of about €2bn.

Philanthropy in the Netherlands

Philanthropy is one of the fastest growing sectors in the Netherlands. Private giving increased sharply over the last decade. The average amount donated by people increased from €196 (NLG432) in 1995 to €267 (NLG589) in 2003, representing a gross growth rate of 36% (i.e. 12.7% after correction for inflation)^{iv}.

Philanthropic giving amounted to about €5.2bn in 2003^v, with €2.2bn contributed by households (42%), €2.3bn by companies (43%), and €196m by funds (4%)^{vi}. Companies in the service sector rank number one of the sponsors, with 30% of the total amount contributed. The building sector ranks second with 15%. On the third place, the wholesale business (14%) and fourth, banks and insurance companies (10%).

7% of the sector's private income is derived from the lotteries.

Legacies represent a growing source of revenues for non-profit organisations, amounting to €189m, i.e. 4% of the sector private funding in 2003. According to the Centraal Bureau Fondsenwerving (CBF), legacies are the fastest growing income source for fundraising organisations. Theo Schuyt sees this as the beginning of a development that will result in a

much broader revolution^{vii}. According to Professor Schuyt “The Netherlands has never been richer. The population is becoming on average older, and therefore more altruistic. The fortunes built after the war will in the coming years be transferred to the new generation. In the Netherlands, like elsewhere, the thinking that giving is good is emerging.”

2005 was a record year for non-profit organisations. According to the Volkskrant, donations to the 20 largest non-profit organisations increased by 4.3% to €518m. This increase is three times higher than the 1.5% economic growth. KWF Kankerbestrijding is the largest non-profit organisation in the Netherlands, with €63m.^{viii}

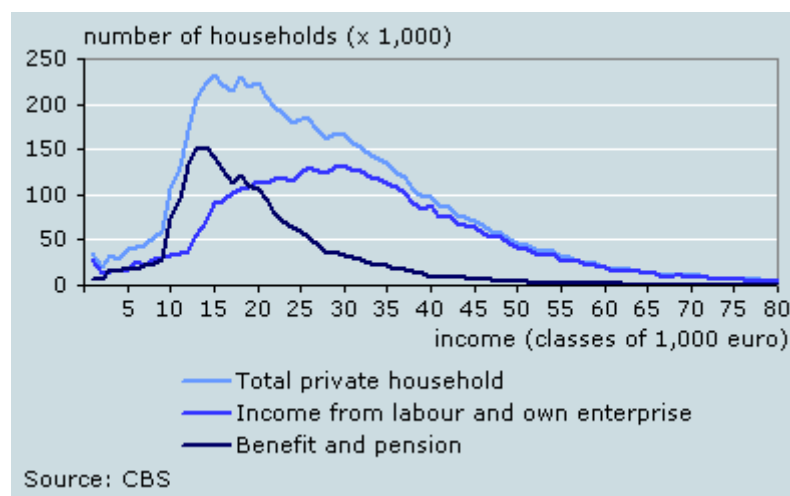
Wealth in the Netherlands

The most widely-read report on wealth world-wide is the World Wealth Report, jointly published by Capgemini and Merrill Lynch. The 2006 edition, published in July, shows a continuing growth in the numbers of High Net Worth Individuals (HNWI's), with an estimated 2.8 million HNWI's in Europe (and 2.9 million in North America.) In 2005 HNWI's held €7.4bn of assets in Europe, up almost 5% on the previous year.

The numbers of HNWI's in the Netherlands is estimated at 108,000 in 2005, up from 102,600 in 2004. Announcing the report, Geoffrey Bruyn, Head of Global Private Clients for Merrill Lynch Netherlands said; “GDP and market capitalisation are the two main drivers for the increase,” and although there had been some slowing in the market, “HNWI's were still able profit of the high performance of the previous year.”

According to Statistics Netherlands (www.cbs.nl) there were nearly 7 million households in the Netherlands in 2003, with average annual disposable income being €28,000. Most households in the higher income classes have labour or own enterprise as the source of their income; 55% of households with income from labour or their own enterprises had an income of more than €28,000.

The graph shown here from Statistics Netherlands, shows the numbers of households (vertical axis) and the household income.



The same source allows a further analysis of high-income households. The highest income band recorded by CBS is €100,000 and above. The figures for numbers of households with this level of income are;

Year	Number of Households with total income of €100,000 or more
2000	242,000
2001	317,000
2002	367,000
2003	397,000
2004	431,000

These figures, together with the figures from Capgemini/Merrill Lynch, give us a picture of a substantial and growing market of wealthy people. (Bear in mind that the Capgemini/Merrill Lynch figures refer to **assets**, while the CBS data refers to **income**.)

From here to an estimate of market size?

The data we have available – and particularly the lack of data on philanthropy in high-income households – makes it impossible to do more than guess at potential market size for major gift fundraising in the Netherlands.

If we use the Capgemini/Merrill Lynch figure of 108,000 HNWI's, and assume that the median wealth held by these people is US\$1m (the actual figure will be slightly higher), equivalent to €789,000, and we further assume that a wealthy individual could potentially donate up to 1% of her/his wealth then the maximum potential market, were they all to give at this level is;

$$108,000 \times €789,000 \times 1\% = €852\text{m per annum}$$

The market is, of course, not limited to those with a net worth of US\$1m or more (the definition of HNWI.) We know from the CBS figures of 431,000 households with incomes over €100,000 and could reasonably assume that some percentage of these high-income households would also be capable of a major gift. We would welcome further studies in this area to establish likely percentages, and thus a clearer picture of market size.

By totalling the largest gifts reported by our interview partners (total of €7.9m) and allowing for other major gifts they described, we arrive at around €10m in recent major gifts from living donors. Our finding therefore is that there is substantial room for growth in this market. We can't honestly say what the total market potential is, but it seems likely to be substantially larger, possibly factors larger than the current income from major gifts.

Major Gifts are Happening

Holland has a history of major giving – we know, for example, that the Concertgebouw was built in part with private funding – and many interviewees were able to tell us about major gifts. These varied in their size and quantity, but one typical organisation had ten individual major donors (defined as gifts over €10,000) and 7 foundation (stichting) donors giving around €50,000 per annum. All of this was happening despite the NPO having no proactive major donor programme in place. Other interviewees described “informal” major donor fundraising, with NPOs approaching wealthy people they know. Two or three of the most sophisticated NPOs had well developed programmes, with one having reached the point where between 11% and 16% of incoming private resources were from major gifts.

The major donors to whom we spoke talked about gifts in the range up to €100,000. One of them reported giving €800,000 on a yearly basis, another one €250,000.

One leading international organisation told us that about “once every two years” they get a substantial spontaneous gift; recent examples included a woman who had inherited from her mother and had promised her mother that she would give €50,000 to the NPO, and a man who gave €100,000 as a spontaneous gift, before entering hospital. He then included the NPO in his will.

We take this as strong evidence of potential. If some donors are willing to make substantial gifts without being actively cultivated and asked, then there must be more, perhaps many more, who with cultivation and a clear ask would be able and willing to make a large gift.

Large gifts mentioned

Interviewee	Largest gift from a living donor ^x	Major gift size	Numbers of individual major donors
1	€100,000	€10,000+	10
2	€1m	€50,000+	15-20
3	€25,000	€20,000+	
4		€4,000+	10
5	€50,000	€200	450
6	€453,780	€5,000+	50
7	€10,000	€500	
8	€1m	€2,000+	
9	€10,000		
10	€2.2m	€2,000+	40
11	€1,500	€1,000+	
12	€500,000	None	18
13	€500,000	€1,000+	
14	€2m	€2,500	60
15	€20,000	€1,000	10
TOTAL	€7.869m		

We can see from these figures that for many organisations a gift of €2,000+ is a “major gift.” Just a handful of organisations have set their sights at the €10,000+ range.

Case Example

A very limited number of organisations have well-developed major gift programmes. For example, one had started its major gift programme three years ago. Many of its major donors appeared spontaneously, but the organisation was now targeting major donors via financial advisers. The organisation had an established programme for major donors and a staff member experienced in working with High Net Worth Individuals (HNWIs). It offered a range of options for engaging major donors including Fonds op Naam and “adopting” key projects. This organisation’s largest gift from a living individual was €1m, with a substantial number of large (€5,000+) and very large (€50,000+) gifts.

What is a Major Gift?

We had many different definitions of a major gift in our interviews, often depending on the sizes of large gifts that the particular NPO had had. There is clearly an issue in the fundraising community in defining who is, and who is not, a major donor. Amongst interviewees there were fundraisers who wanted to include donors who give a lot over lifetime (lifetime value, not just single gift value,) and fundraisers who wanted to include potential legators amongst their major donors.

We want to extend the standard definition of major gift; “a significant donation for a not-for-profit organisation, the amount required to qualify for a major gift being determined by the organisation” according to the AFP Fundraising Dictionary. In our view a gift becomes a major gift at the point at which it would be worthwhile to the NPO to give the donor highly personal service, based on a cost-benefit decision including an estimate of future donor potential. For a large university raising hundreds of millions of Euros that point might be at €1m or more. For a local hospital, raising €25,000, that point might be reached at €1,000.

Exporting Major Gifts

There is anecdotal evidence of gifts going out of the Netherlands. One major donor described making gifts to NPOs that they see in action when they are travelling. Another one reported supporting several projects abroad, among others an archaeological research in Greece, and a Dutch institute in Italy. A researcher discussed major donors who were setting up their “own” NPOs in, for example, South Africa and others who were investing directly in NPOs in developing countries (for more on this, see Do It Yourself Philanthropy, below.) The Van Vlissingen family, for example, is listed as a donor in the (British) Oxford Brookes University website.

Proactive Major Gift Fundraising is New

"Organisation X wants to build up a major donor program, but does not know exactly how to do it, and cannot find the time to do it." This type of response was typical from a number of interviewees.

For most of the people we interviewed – fundraisers and donors – active major gift fundraising is a new idea. Many interviewees could cite examples of large donations, but in almost all cases these were gifts that came at the initiative of the donor, not as a managed process involving the fundraiser.

One of our major donor interviewees reported that he has never been approached by a Dutch NPO, despite the fact that his foundation, created in 2000, is publicly registered. He and his foundation board research nonprofits in areas that they are interested to support, contact the relevant organisations and propose that the organisation come and present a project to the foundation's board.

But major gift fundraising is clearly a hot topic in the Netherlands – “other fundraisers are very interested” said one interviewee. Another interviewee explained why;

- A better structured approach should lead to more gifts
- A major gift programme is respectful to donors, thanking them properly for their gift and giving a commensurate level of donor care
- A programme would create better and stronger bonds with donors
- A programme would create more goodwill and mouth to mouth publicity

Despite the level of interest, the numbers of full-time major donor officers in the Netherlands is tiny – we estimate no more than six. For a slightly outlandish comparison, it is worth noting that just one university, Johns Hopkins University in the USA, employs more than 200 major gift officers at its campaign peak, and, nearer to home, that there are 353 members of the Major Donors Special Interest Group of the Institute of Fundraising in the UK.

Major Giving in Context

For almost all of our interviews, major giving was still a minor part of their total income. Membership, direct marketing and the Postcode Lottery were the major sources of private sector income for the nonprofits we interviewed, and we had the overall sensation that these methods were continuing to be effective. Legacies and door-to-door fundraising were also listed as profitable methods for NPOs. Bearing in mind the experience in other fundraising markets it is likely that major gift fundraising will continue to form part of a mix of fundraising techniques and products.

Legacies and Major Gifts

A number of interviewees saw the connection between legacies and major gifts and several have decided to service their legacy pledgers in the same way as they would look after someone who had made a lifetime gift of an equivalent size. Legacies are a major source of funding for some interviewees, and for many organisations are a growing source, as confirmed by market research (see Sector Background.)

In some organisations, legacy and major donor fundraising is combined. One interviewee had separated legacies from major donor fundraising; legacies are handled by the finance department, but the department works closely with the fundraisers, and passes over management of legacy pledgers of €50,000 or more to the major donor fundraiser.

Legacies are private and often a delicate negotiation, according to one experienced NPO. In many ways this reflects the situation with major gifts, and this NPO is positioning itself as businesslike and professional in order to make it easy for major donors to deal with them.

It is difficult to draw conclusions about legators from the donor database - patterns are difficult to track - but the view of one NPO is that recency of gift is a significant indicator. Active (recent) donors make better legacy prospects than inactive. This again reflects what we have seen in major gift fundraising, with current donors (within the last 12 months) being better prospects, and donors who have just given (last 4 weeks) being even better.

As with other forms of giving, legacy donors normally include in their will more than one large NPO. "People want to reach the whole field - children, nature, animals, health, and so on" said one fundraiser.

Middle Gift Programmes

A few interviewees had developed middle gift programmes. For example one children's organisation had carried out a middle donor mailing in 2005 to a selected group of more generous donors. The fundraiser's comment was illustrative of the potential; "When we asked for €200 we usually got €200. Next time we should ask for more!"

Who are the Major Donors?

We did not attempt to quantify the different types of major donor that we heard about in the interviews – the study is qualitative, not quantitative research – but we did see some interesting groups emerging as major donors in the Netherlands.

Women

One NPO reported that the person who gives them the most is a woman, and in fact that most major donors to that organisation are women, over 35, highly educated and well read (readership of NRC Handelsblatt, <http://www.nrc.nl/>, being common.) Other NPOs reported more female than male major donors and one well-known NPO has set up a network that helps women who have inherited, and encourages giving to good causes through donor circles within the network.

The Netherlands counts a growing number of wealthy women, either through inheritance or their own business^{xi}. Between 1990 and 2000, the number of women with a salary over €75,000 increased one and a half time faster than men in the same income-bracket. Following the transfer of wealth accumulated by the post-war generation, the wealthy 60+ will in majority be women. Based on the fact that women live on average some 7 years longer than men, an American estimation predicted that some 85/90% of the women will end up as manager of the family wealth.

There is some evidence that women are different as philanthropists; involved, mature donors, who want to see results during their lifetime and who frequently support women-related causes.

Case Example

A health sector NPO described their relationship with a major donor. The woman in question is the wife of a leading businessman. She gives regularly and is an ambassador for the NPO. She opens doors to powerful people (her husband networks).

Each year there is a charity dinner hosted by her; there are normally 1,000 people at the dinner.

The dinner attracted celebrities and big givers, but it is now moving towards attracting more companies, and the NPO is getting more involved in managing the invitations list. There is a corporate membership scheme prices from €5,000 for membership, including places at the dinner.

The woman in question doesn't have a say in projects, but favours projects for women. She goes on site visits – the NPO makes a movie of the visit and shows it at the dinner. She gives more in time than in money now.

Another NPO that had studied legacy donors had identified more women than men; this may simply be because women live longer on average.

Old Wealth, New Wealth

A number of interviewees commented on the differences between old wealth and the new rich.

One social analyst with a database of wealthy individuals reckoned that 75% of his data is old family wealth and 25% new capital, formed after World War II.

Men and women are more or less equally represented in this database of wealth. Mean age is 50, but there are differences in age groups. "Most of the control of money in the old families is by the older people," commented one interviewee, "the younger ones get their own firms and make their own money."

Old Wealth

People with "old wealth" were characterised as follows;

- The wealth is inherited
- People feel a responsibility to steward the wealth
 - "If wealth is handed down from parents people tend to be very conservative and preserve the wealth rather than give it away"
- Giving to good causes is part of their daily life.
 - "It is in their genes" said one interviewee
- Prefer anonymous gifts, or at least give quietly
- Prefer traditional or long-established organisations

At the very wealthiest end of this group, amongst the top 500 families in the Netherlands, there is a tradition of philanthropy via family foundations. But the percentage of wealth given away is relatively small. The foundations exist partly to avoid succession taxes, and because it's easier to give the management to specific members of the family rather than sharing it across the whole family.

"A lot of the wealthy families doing good via their own foundation do it quietly - the foundation either does not have the name of the family, or it gives anonymously. There are few libraries or museums named after people."

The *Verzuiling*— the pillars or key ideological groups in Dutch society - were mentioned by one interviewee who said that "Charity is dependent on these networks." "I am Catholic from my youth. I have family who support the Church because 80% of my friends are from the same network." According to this interviewee, the way people think about their philanthropy depends on the ideological group they belong to.

In the view of at least one academic researcher^{xii}, this is changing; "Participation in voluntary associations in the Netherlands has shifted with increasing secularisation. At the peaks of the era of pillarization, voluntary associations showed strong religious divisions. Those who were born in a specific pillar automatically joined voluntary associations from that pillar. This norm has lost much of its force in the past decades. Dutch 'civil society' has changed substantially in the past decades. Traditional voluntary associations such as churches, unions and political parties, who were part and parcel of the pillarized civil society in the Netherlands, have lost substantial numbers of members. The decline in participation in pillarized associations has been compensated by the emergence

of new, secular organisations. The vast majority of associations that have grown in [recent] decades do not have a religious background.”

New Wealth

People with “new wealth” were characterised as follows;

- The Baby Boom generation
- Money made in the lifetime of the individual
- Can be spectacularly generous
 - One new rich individual gave a single gift of NLG1 million (€453,780)
- Are worldly
 - New wealth donors “have a little more knowledge of how the world is” according to one fundraiser in a development organisation
- Favour public acknowledgement of their gift
 - One interviewee had noted that foundations linked to new wealth liked to have their name attached to a gift, whereas “old money” foundations were often anonymous^{xiii}
- Are more demanding
 - Want more and better servicing by NPOs

There is a sense that the Netherlands is changing. The attitude that “if you stick out your head – you get it chopped off” appears to be shifting, at least amongst the younger generation. “If you do a lot of good and mention it a lot of people think it pretentious or that you have a hidden agenda. There is still not a lot of pride in doing good amongst the general population” commented one interviewee.

Entrepreneurs

In a class of their own are the entrepreneurs. This category includes:

- Young people who earn lot of money
 - They are still working, are in their 30s and 40s
 - These entrepreneurs often combine their private giving and company giving
- Entrepreneurs who have sold their business
 - “If they have made their wealth in their lifetime, there’s a sense of wanting to give something back to society. When the business is not top of mind anymore, they start to look around. This combines with the entrepreneurship that they have”
 - Typically these entrepreneurs are 50-60, often have a family, children and put aside part of their wealth for the family, and part in a foundation for charitable causes
 - We found that established entrepreneurs are willing to get involved in NPOs that they are supporting

Each of these groups has different desires and aspirations, and each will seek a particular form of relationship with an NPO partner. This idea is discussed further, below. We want to emphasise that major donors are individuals and that many will not fit within these broad groups of characteristics.

Foundations (Stichting and vermogen fonds)

Family or individual foundations with a living donor (as opposed to foundations created by a legacy) form a significant group of major donors. One NPO described her foundation donors as follows;

“They are typically entrepreneurs, around 60. They know what they want to give money to. Most give to a number of organisations. Most are not known publicly. They trust the NPO, and accept that their money will be used well by us.”

Vermogen fonds, managed funds, were being approached by some fundraisers and there is anecdotal evidence that increasing numbers of donors are setting up their own foundations.

Companies

The focus of our interviews was on people as donors, but one interviewee reminded us that she treated gifts from small, individually-owned companies as though they were individual donors. In this case the recipient NPO deals with a sensitive health issue and the fundraiser felt that the business owner might be giving for personal reasons.

Another NPO linked corporate giving closely to major gift fundraising. The NPO has no major gift programme, but in thinking about major giving the fundraiser clearly saw a comparison, with the same need to prepare project packages for both classes of donor. The corporate fundraiser in her team was also seen as the person with the greatest potential for asking face-to-face.

We also found some evidence that young entrepreneurs start to give as individuals but later involve their company as they get to know the organisation better.

Motivations

We heard of a range of different motivations for giving, and often, a range of motivations from one person.

Money can't buy you love

Wealthy philanthropists to whom we spoke frequently had a clear set of motivations, somewhat different from those seen by the fundraisers working with them. One told us clearly that when you have a lot of money, there are a couple of things you can buy – he and his wife have a nice house and a boat, and have ensured that their children have enough; “the rest you can spend on good cause”.

Religion

The classic motivation, cited by more than one interviewee and often repeated in academic studies on motivation^{xiv}, is religion. “Religion is still important,” we were told by an interviewee who worked for a Catholic development agency. People are still attracted by faith-based organisations and some foundations are strongly religious in their grant-making pattern. Many donors, perhaps particularly older donors, give because they feel it is part of their religious duty (this finding is confirmed in many other studies of philanthropy around the world.)

Religion was linked to modesty about philanthropy; “My aunt gives a lot to Catholic funds. Family and friends know about it” but no-one else does.

Tax

As we expected, and as has been frequently demonstrated in other studies, tax avoidance is not a direct motivation to giving. One major donor put it succinctly when he said that you can either give your money to a good cause, or pay a lot of tax; he does not want the state to decide where his money goes so he gives a lot away in donations.

A Personal Interest

Personal experience and interest is a key motivator, and this was confirmed in this study. One cancer NPO reported that the person's own experience of cancer, either directly or in their family, was a primary motivation. Another had donors whose family members had died of the medical condition that this NPO is concerned with.

One medical NPO had been founded by a group of families. These were wealthy families with a specific interest; in this case they were all involved in aeroplanes and flying because that was a specific interest linked to the NPO's working methods.

Personal and Corporate Responsibility

According to one interviewee “...there is a group of younger people that just know that the days are gone when the government would take care of you. You have to take care of yourself; you have responsibility for yourself and for the rest of the world.”

This sense of responsibility was increasing, as people see that the market is not perfect, that the world is not even or fair and that there are large groups of people in the world who don't have control over their own destiny.

Involvement

As in other studies of wealthy people and giving in Europe, many major donors in the Netherlands want to get involved. One experienced major donor fundraiser told us "Donors want to be more and more involved. They really want to participate" and this includes both individuals and corporate donors. Another, working as an intermediary with a number of major donors confirmed that, increasingly, major donors want to be involved in projects.

Personal connection

Alongside involvement in the cause, personal connections between the donor and the NPO ("...she knows our President...") were also important for at least two NPOs. A political leader had been instrumental in getting a gift from a bank because his wife is in the NPO's advisory board. The Utrecht research team clearly demonstrated that the personal environment is decisive in how much people give, in particular the fact that the donor is asked by someone with whom he/she feels linked.

Special service and a name

One fundraiser said that a motivation for creating Fonds op Naam was that the donor would get special service or attention from the fundraising team, and would record her/his name for posterity. She emphasised that these were secondary considerations for donors, but that they should not be forgotten.

Donor Case Study 1

This donor is self-employed. In 2002, she had a very good year. She felt was a good opportunity to start giving. She felt uncomfortable with all that money and had no need to spend it on herself. So she wanted to put it to good use in giving to charities.

Her first criterion in selecting a charity is the purpose; the two organisations she supports are both environmental. She wanted to focus her giving, and chose organisations that are world-wide, democratically organised, long established and whose activities she knew (she had been a volunteer, some years ago, for one of the organisations.) It's noteworthy that her family does not have a tradition of philanthropy. (Many studies show that a family tradition of philanthropy is an important ingredient in making an individual philanthropic.)

She would be very happy to get involved in volunteer work if her skills would be useful to the organisation, and provided she felt that she would be taken seriously. She thinks that there are talented people among volunteers in NPOs who are not properly used.

She would give more if she earned more, or could get more tax deduction. But she can't always give - she is planning to buy a house and will therefore not give next year.

She researched the best way to give, to get the maximum tax advantage for herself and for the charities.

Donor Case Study 2

This entrepreneur comes from a family with a tradition of regular philanthropy. He sold his company in 2000 and became a rich man. Now, he and his wife travel, he works as an advisor to the company, and he gives part of his money to nonprofits. Together with his wife, he decided to set up a foundation.

He and his wife have written down criteria in four fields; health, developing countries, general interest, and social. They actively select about 20 organisations that they give to.

Their decision to give is based on what they hear and read in general about those organisations in the media (general reputation), through friends, etc. They don't really research information on the organisations but base their decision on what they know and hear about the organisation in general.

Initially they gave to big organisations. But now, as they travel a lot, they sometimes give money directly to very small local projects/organisations on the ground. This is what gives them the most satisfaction, but they know that it is more risky and that there is less control on how the funds are used.

They prefer to support organisations not specific projects; in their view the organisations should be able to choose the projects themselves.

Our interviewee said that he is rather happy with his philanthropy. (An important point, and one that is easy to miss. Other studies also show that philanthropy is a pleasurable activity for people.)

Talking about Giving, Talking about Money

Do people talk about their giving, or don't they? One major (€4,000) donor we interviewed told us that people do not talk about giving, but also that she knew many others who were donors. It is clear in this case that she would not ask her friends to give ("It is not done in Holland"), although she had invited her partner to join her at a NPO event; he had enjoyed the experience and was now volunteering with the NPO.

This area - talking about philanthropy, inviting others to be philanthropic is a sensitive one, and something in which each individual finds their own position between the conflicting motivations of helping others by involving others, and the reluctance to invade personal privacy. These conflicting motivations are covered in detail in a study^{xv} published in 2004.

But one interviewee told us "I don't believe it's so difficult to talk about money. First you have to talk about ideals and aims. They must trust you first. "

It seems that the climate is shifting in the Netherlands – where a researcher to whom we spoke said that public and media opinion is now beginning to say that it is a good thing that people are putting money into something for society. Journalists are saying “maybe this is OK.” This researcher confirmed what we heard from other interviewees (see Who are the Major Donors?); it is still not done for the old elite to show off their money, but the new young donors want to be more active, more visible. This view was confirmed by an

experienced foundation manager who told us that the old Dutch Protestant view was that you don't show the left hand what your right hand is doing, but that "philanthropy is the new show-off; I have so much money I don't even need it for myself." In the view of this interviewee, this showy attitude will not last very long; "it's a pendulum and we're about to move back a bit."

Donor Expectations

Servicing major donors is a significant issue in the Netherlands, whether that is from the point of view of the donor or the fundraiser. Both sides are frustrated with the difficulties they face in this area.

The Donors' Point of View

Service

Individual major donors want individual service. One interviewed for this study told us that she has never had a bad experience with an NPO, but repeatedly said that she hates direct mailing. This donor had received efficient service from the NPOs she supports; the organisations took care of the administration and paid the administrative fees for the notarial deeds. Another gave a similar view, appearing broadly satisfied with the fact that some NPOs are more active than others in responding to donors' needs; but he later went on to say that if the contact is frequent, it results in higher gifts – because he can see what the organisation does.

But not all donors were happy with the service they receive; “The biggest problem is that nonprofits in the Netherlands are not geared up to major donors” said one donor's representative. “They regard this as a lucky incident. I had major organisations that received a large sum of money and send a standard letter and newsletter.” For this donor's representative it is completely unacceptable to have the same approach for a €25 donor as you would for a €250,000 donor.

Events

Events are useful because major donors want to meet people in the same circles. “You have to offer the opportunity to go to meetings. Some want it. People want to communicate with similar people” commented one interviewee.

One organisation had invited one of the major donors we interviewed to events and she enjoyed them very much. She got to know the organisation better. She especially liked the fact that these were not “major donor” events, and that a mix of different people were invited: “You are not more important because you give more.”

Stewardship

All the donors we talked to want to know where their money was used (reporting.) The reluctance to pay for NPO administration and core costs is one reason why some donors decide to set up their own initiative (see Do It Yourself Philanthropy.) This had become a major issue for some donors.

Visits

A few major donors we interviewed were keen to visit projects and we know from the practice in other countries, especially in the UK, that this is an effective way of developing the interest of major donors.

Involve the Donor, or Not?

One NPO had asked its middle donors how they want to be involved. The responses showed a huge majority, more than two thirds of respondents, who wanted to learn about the NPO with seminars and lectures. Around one in six of the respondents wanted a site visit, and another one sixth wanted to get more closely and actively involved in volunteering or representing the NPO. A satisfied donor to another organisation reported that its head of fundraising had a good attitude; “I’m not sure we can do what you want but I’m sure we can try.”

But the issue of involving donors is a difficult question for some organisations. A campaigning organisation may not want major donors involved in a way that could compromise the confidentiality of the campaign. A development NPO may not want to expose major donors to the risks involved in travelling in certain areas. And NPOs do not want the agenda to be moved by donors. One interviewee in a development organisation was concerned by the implications that major donor fundraising was leading to a form of colonialism; she feared the influence of wealthy white donors.

From the donor’s point of view we can see that most donors want individual, personalised service.

The Advisor’s Point of View

We spoke to a number of financial advisers and foundation managers. Intermediaries such as banks and financial advisers were more concerned about levels of service than the major donors themselves – because they have to report back to their client, so need fast, effective service from the NPO. We asked one foundation manager what he would do if he were to set up a new NPO for major donors;

He told us that he would have three phrases on the wall;

- Added Value
- Transparency
- Facilitating

Added value

“If you ask a big NGO why you should give to them rather than to a small foundation that works in Africa, you need a short concise reply, focusing on the added value of your organisation. Too often “you get a long story but don’t get any real idea of what the added value is.”

Transparency

“You must be able to answer a donor’s questions quickly. Too often NPOs pass you around and don’t give the answer - and then you have to call back 10 days later.”

Facilitating

This means letting people give to what they want to. “In the 1950s people would give to a priest working in the Congo, or would care for a neighbour; it was direct. Today we have institutionalised giving through NPOs, and our giving goes into a general pot that will be used for a generally good cause. But the new consumer wants to give where and when he wants. We need to facilitate that giving because it creates a new sort of involvement for the donor.”

The Fundraiser’s Point of View

“Major donors are unpredictable” said one interviewee and that makes servicing them difficult. They can be demanding, wanting to know now, this morning, how “their” project was proceeding, and for many NPOs, working with limited resources, that kind of personal service is going to be difficult. Another admitted, frankly;

“...we really don't treat them [major donors] well. The manager from our projects side had contact with a potential donor who is rich but we did not get to hear about it. No one is responsible for major donors, some things are done by the director and we [the fundraisers] don't know about it.”

We heard, of course, about NPOs that did not provide the necessary level of service including the apocryphal story of one NPO who, faced with an offer of €1m from one donor simply sent the standard letter citing their bank account number. “Fundraisers view donors as a necessary pain to extract money from” commented one interviewee, acidly “but don’t feel any obligation to do more. Very few build relations with donors.” This interviewee had tried to make a large gift to a Dutch NPO and had felt that the NPO’s attitude was; “We’re not sure we want this...what do you want in return?” But the interviewee also cited two small organisations, one in international development, the other a childcare organisation, that have regular briefings for major donors, discuss strategy with them and bring them into the organisation as volunteers. This type of care is vital to retaining major donors long term.

“Some NPOs really do understand larger donors” said one interviewee who works for a private bank, but “the level of service from nonprofits varies greatly from organisation to organisation. They are very keen to give information, but not all of them are equipped to do that, nor as swift as they should be, especially with large donors.” Another interviewee agreed, saying that the key words that describe relationships with major donors are “tailor-made, excellent and fast.” This same fundraiser stressed the need to listen to major donors, and to call them regularly. “I know my [major] donors very well” said one experienced fundraiser who added that recruiting major donors “was very much about the personal relationships [with the donors]”

The key to major gift fundraising, according to one NPO is to look after your donors and to know who they are on a one to one basis. In his view, major donors are people who are already convinced about your cause – you only have to convince them to give more money.

Conclusions – Donor Expectations

We can see from the above that there is a discrepancy between donors’ expectations and NPOs’ offer, but also between the perceptions each side has from the other.

First, some donor's expectations are not properly addressed by NPOs. This is true for both donors' willingness to support specific project (earmarked gifts) and their interest in getting involved. NPOs don't know how to meet these expectations and how to benefit from them. "They do not know how to use donor's competencies, they fear donors might try to "control" the organisation" said one young entrepreneur. One interviewee testified "If you link to the project, donors see much more value, and this affects the level of the donation".

There is a lack of knowledge and understanding about the non-profit sector among donors. Many do not want to pay a nonprofit organisation to do the work or to pay for administrative costs. They feel that much more money stays with nonprofit than they would like. "If I start my own thing I can give 100% to the cause I want to support". They do not realise that if they want to do something right, they cannot rely only on volunteers, and will need to recruit professionals and pay them too.

One experienced consultant to the sector summarised the situation like this; "Nonprofits only care about money, and donors think 'I am not a chequebook, I want to be involved'." Nonprofits need to understand that it is not all about money and entrepreneurs need to take nonprofits seriously. Too many think, "I am going to show them how to do this."

Major Donor Programme Management and Strategies

Service Levels, from Project Visits to Thank you Calls

Many interviewees serviced their major donors by direct marketing. One NPO provides an example; the NPO had 3.5 staff involved in fundraising, with the Director doing most of it. One board member was involved, but the board did not help with introductions to donors.

- The NPO has some personal contact with about ten long-standing loyal donors
- There are no donor events or donor meetings. When the new office was opened the NPO invited their direct debit donors – a few came
- Some donors telephone the NPO, but there is no outbound phone campaign, not even for mid-level donors. For donations above €250 the NPO sends a personal letter
- For spontaneous larger donors the NPO sends flowers or special information about the project that the donor is supporting

Other NPOs have a more interactive sequence of service for major donors;

- A telephone thank you when the gift arrived, offering a visit to the NPO's office
- Two events per year specifically for major donors
 - One of these, located in the NPO's office, would be a concert "to say thank you"
- A meeting with a campaigner or volunteer or other person directly implicated in the NPO's work

Another NPO's services started at a lower gift level;

- This organisation has started by making sure donors giving €500+ are thanked properly, with a call, and that they receive the annual report, event invitations and Christmas cards
- They have invited donors to an event, and this helped the fundraiser to get to know donors
- This is a middle donor programme, taking donors as a group. It is proving difficult for the fundraiser to move up to a major donor programme

One NPO had established levels of service for levels of gift or gift potential and another allocated donors to different account managers depending on their level of gift. This "matrix" approach to marketing to high net worth individuals, also used by the private bankers to whom we spoke, ensures that the fundraiser knows what she can offer a donor who comes in with a gift of €50,000, and what she can offer a €1m donor. It maximises efficiency, but it's not easy. As one interviewee from outside the sector pointed out "Being a nonprofit is being non-commercial. Asking for a donation is a commercial thing to do, as is segmenting the client/donor base."

We particularly liked a comparison, drawn up by a private banker whom we interviewed between major gift fundraising and his own work in attracting high net worth customers to his bank;

“It’s very much like the way we at the bank do our prospecting, making relationships, networking, building confidence and mutual trust. It’s important to have the right people to network for you, with them also being customers or donors.”

Project Visits

One very successful fundraiser who organised project visits for his donors told us that his motto was “seeing is believing.” We discussed project visits with another interviewee who had had 5 donors, all from foundations, visit their projects in developing countries. This is seen as an effective way of involving donors and deepening their commitments. A major donor to whom we spoke said that he called NPOs when he was travelling, to see whether he could visit their projects overseas.

Structures and giving vehicles

Some interviewees had set up structures to service their major donors. One had an “Innovation for Development” fund that was managed as an elite group of donors, with specific service levels. This NPO had set up programme teams to look after donors, including a programme officer and a member of the finance department. The NPO was monitoring its level of service to major donors, and comparing that with what they receive in gifts.

Two NPOs give their most generous donors the chance to create their own donor-directed fund (fonds op naam) within the NPO. This allows the donor the benefits of a named fund, without the bother of organising it; the NPOs do not charge a management fee for named funds. One of the NPOs described a clear set of levels of service, with donors of at least €50,000 (the threshold was the same in both NPOs) getting their own personal account manager. At this level of gift, donors could choose from a set portfolio of projects. One of these NPOs allowed donors giving more than €100,000+, to select to fund their 'own' project; the other made the same offer at a much lower threshold - €5,000 per annum for a minimum four years.

Does Service Work?

The overwhelming evidence from our survey is that good service works – it brings more donors, larger gifts and longer commitment. One experienced financial manager closely involved in philanthropy went so far as to quote a “Factor 10 rule” – if you give high quality service to individual major donors you can expect ten times as much from the donor.

Earmarked or Allocated Gifts

We know from interview that donors want earmarked gifts - being able to support specific project is an important and growing expectation of donors. But for many fundraisers there was a problem over gifts that were to be applied to a specific project or activity. The fundraisers were under pressure from their senior management to produce non-allocated gifts for general funds. Some organisations had a strict policy that they did not accept earmarked gifts, while others had a policy based on the size of the gift; for gifts over a certain threshold they were prepared to link the gift, and thus the donor, to the project.

One NPO had noticed this trend especially with companies; “Companies are looking for projects they can sponsor. The problem is to find the right match for sponsoring.”

There are a series of different issues behind this one apparently simple idea.

First, there is the potential pressure from the donors. We say “potential” because in fact we did not come across much evidence in the interviews that donors were pressurising recipient NPOs for more earmarking of their gifts. But it is often said in discussions on major gift fundraising that it’s easier to persuade a donor to give to a specific project than to general funds.

Second, there is the vision that the NPO has of itself. At one extreme are the organisations that offer their donors a direct “purchase” in a project – child sponsorship is an example of this type of fundraising. At the other are those organisations, often those in the campaigning and rights areas, where the NPO acts as an indivisible whole and where the idea of a single funder taking on a specific project is alien to the organisation’s vision of itself.

Third, there is the mechanical process of relating a donor to a project. For this to work there must be a rapid, efficient exchange of information between project, NPO and donor. For many of our interviewees that was a significant problem. A leading development agency had experienced real difficulties in getting its field staff to recognise the importance of fundraising, and thus of reporting back to donors. Another reported that “...some parts of the organisation don't see the need for money. It’s difficult to get hold of projects.”

Operational Costs

A related issue is the question of operational costs. People, we were told by one NPO manager don’t find overheads acceptable in development agencies. “They think that if they give €100,000 then the whole sum should get to the project. People are not aware of operational costs.” For this fundraiser, these problems of lack of understanding are much more serious barriers to donor development than tax or other issues. Note that academic researchers say that in general people **overestimate** the amount of operational costs taken by NPOs.

Strategies for Development

Our interview group included NPOs that had a strategy for developing major gifts already in place and operational, NPOs that were building a strategy, and NPOs with no strategy at all, or with a “wait and see” attitude.

Strategies, of course, depend on the specific circumstances of the NPO and it would be ridiculous to cut-and-paste a strategy from one NPO to another. The following examples are included here to demonstrate the variety of thinking.

NPO 1

- Wants to look at lifetime value and include donors who give a lot over lifetime (not just single gift value)
- Wants to increase the number of major donors
 - People coming up to retirement in next 10 years are a key target market

- Stay in the public media; “Get more known and they will come to you”
- Wants to develop themes (e.g. Africa) for major donors
- Wants to develop more events for major donors

NPO 2

- Use an annual gala event as the major giving opportunity (tables at €5,000 each)
 - This event is organised by an outside agency, so the NPO does not know who is on the invitation list
- Want to create an account management structure
- Want to use personal networks more

NPO 3

- This leading museum had established a fundraising committee led by the CEO of a large Dutch bank
- The approach was personal, at a very high level, and the museum raised millions as a result.

Relationships with Private Banks

Three of the NPOs we interviewed had developed relationships with private bankers, and we heard of others that had done the same. This is a specialist area that requires careful thought and management – it is not simply a question of picking up the phone and talking to a private banker (although this clearly happened too.)

One NPO screened banks before approach to ensure that they fitted with the NPO’s corporate selection criteria. Once she had selected a suitable bank, the fundraiser then spent a great deal of time researching and considering how the two organisations (bank and NPO) might work together; “You need to be aware that you are different players. The trick is to focus on areas where you can achieve more together than as individual players.” This fundraiser was happy to work closely with the bank, channelling clients to the bank and working personal networks for the benefit of both parties.

We interviewed private bankers during the study and were impressed by their interest in and activities with the nonprofit sector in the Netherlands. “I get a lot of questions from nonprofits about fundraising” said one banker, who had frequently been approached by NPOs wanting to reach his clients. The bank had decided not to allow that form of access in part for considerations of confidentiality but also because if they started they would find it hard to limit the demand – and it was not the bank’s job to push the relative merits of one NPO over another.

One of the issues that prevents banks doing more is, we were told with honesty, the issue of managed funds. A wealthy client deposits her funds with the bank, and pays the bank a fee for managing those funds. The fee is linked to the value of the funds deposited. So it is not in the bank’s interest to encourage the client to give millions away – because that will simply reduce the amount under management by the bank, and thus reduce its fee.

One solution to this problem was for the NPO to consider other forms of support. For example bonds issued by the NPO would generate funds from wealthy individuals in the

form of a bond purchase or loan but would not reduce the total wealth managed by the bank.

New Ways of Financing NPOs

In the course of the study we touched on a number of new ways of financing NPOs – including the well-known example of Net4Kids. Bankers commented to us that this was a maturing of the NPO market, with entrepreneurial organisations looking for wholly new ways of bringing in investors.

Venture philanthropy and social venturing are just two of the new ways of supporting nonprofits, indicating more business-like thinking about financing nonprofit activity. Mixing business and social purposes, in the way that Jamie Oliver's [Fifteen Restaurant](#) is linked to the Fifteen Foundation (providing employment to disadvantaged young people), is an example of the potential for innovation. Interviewees expressed the desire to see more of this type of innovation in nonprofits and one interviewee described the ways in which her development organisation sought support in the form of bank guarantees for microfinance activities.

Case Study

Bonds – the system by which a social investor lends money to an NPO over the long term and with great security – were also mentioned by an interviewee. Here's the story, as reported on www.wellcome.ac.uk;

Wellcome Trust Announces Aaa/AAA Credit Rating and Proposed Bond Issue 3 July 2006

LONDON – The Wellcome Trust, the UK's largest and the world's second largest charitable foundation funding biomedical research, announced today that it has received an Aaa/AAA bond credit rating from Moody's and Standard & Poor's respectively, representing the highest credit rating available. The Trust is the first UK charity to have been awarded the Aaa/AAA rating. The Trust has mandated Barclays, JPMorgan Cazenove and Morgan Stanley as joint bookrunners for a debut issuance of Sterling-denominated Bonds subject to market conditions and following investor presentations, which are expected to begin later this week.

The proceeds of the issue will be used for investments that, over the long term, will enable the Trust to fund a wide range of scientific and medical research with the ultimate aim of improving human health worldwide.

Major Donors and Events

A number of interviewees used events as a distinct method for recruiting major donors and winning gifts. One development NPO told us that in the past events were “just to get a nice picture” but that nowadays events were used to involve donors closely in projects and to auction a project or part of a programme.

The events strategy of this development NPO was clearly evolving. They hold an annual gala dinner event; this year, they featured a group of children from a target country who did

a special performance. They want to give more information about what they do and why – less show and more content. The idea should be to “raise funds and raise knowledge.” This type of event attracts a particular type of donor – businesses – who in turn pressurise their suppliers and associates. This is business money, not so much private money.

Prospect Research and Major Gifts

“The main barrier is lack of information about major donors and who they are” said one frustrated fundraiser and another agreed, using almost identical words, and making the unfavourable comparison between what you can find in the Netherlands on a major donor, and what you can find in the USA.

Research into potential major donors (“Prospect research”) is difficult in the Netherlands because of the lack of public-domain sources on wealth, relationships and philanthropy. For one interviewee this was a significant barrier issue.

Only one interviewee had carried out active research into potential major donors (prospect research). None of the interviewees had a dedicated prospect researcher, and none had firm plans to employ a researcher.

Few had carried out any form of internal prospect research – often in other countries the starting point for building a pool of prospects. An experienced consultant summarised this with these words; “ Nonprofits are not aware of the gold they are sitting on. They have no idea that they may have the major donors in their database. We know from the initial results of data screenings in the Netherlands that wealthy people can be identified in the database. This is the first step (the first of many) toward building a prospect pool based on internal information..

NPOs thus had very little information about actual or potential major donors, beyond what could be gleaned from a broad internet search engine such as Google. There was no ordered or strategic gathering of data, and no analysis of wealth or potential.

We see this as a significant barrier to the development of major gift fundraising in the Netherlands. It is not insurmountable, because research techniques exist across Europe and could be trained in to staff, but it will take time to develop a body of researchers with knowledge about sources and techniques in the Netherlands.

Internal Barriers

Governance and the Board

"The board don't know anything about fundraising."

"I think we are really handicapped [with the board]"

A recurrent theme amongst fundraisers was the lack of involvement of the Board. For one interviewee, the biggest structural issue is the lack of leadership. This issue is relevant not only in the Netherlands but also across most of Europe, where NPO boards have been built for a variety of reasons but, generally, not around a fundraising strategy.

One NPO manager described her board as...

"...not involved at all in fundraising – fundraising is not prioritised. The Board decides campaigns but not fundraising strategy."

But another enjoyed the benefits of the lack of interference;

"...we have a free hand to do the fundraising..."

The chair of the board in one organisation had never thought of herself in the position of a fundraiser, did not know that she could help in that way, but was willing. The fundraiser had never made a presentation to the board. We see this isolation of fundraising from Board decision taking as a barrier to the development of major gift fundraising in the Netherlands.

"The current board are not interested in inviting friends or contacts" said an interviewee and this was confirmed by other interviewees. But this was about to change, with a new board member with fundraising responsibility being recruited soon.

Some boards are not like this, and one NPO described an active board and director. Larger donors, particularly companies and foundations, liked to have direct contact with the director.

Recruitment was also taking place at another NPO with the aim of improving the networking capacity of the board and the fundraiser in a large development organisation talked about selecting new board members based on their networking and fundraising capacities. One NPO was actively training its board.

Interviewees did not want to follow the (stereotype) American route of "give, get, or get off." "It's too extreme for the Netherlands" said one interviewee "and we need people with a medical background because we want to influence policy." Board membership is not just about fundraising.

Staff Structures for Major Gift Fundraising

Most of the NPOs that we interviewed had no definite structure for dealing with major donors. The most common structure amongst NPOs interviewed was that a single person devoted all, or more frequently a limited part of her time to major donor work. Typically that person worked in a fundraising team of perhaps six people, and had responsibilities in the direct marketing field as part of her work. In one case the fundraiser was responsible for major donors with a mix of corporate, foundations, local government and other institutional funders. This typically low level of investment in major gift fundraising is a significant barrier. Like all forms of fundraising, major gift fundraising will remain below potential until NPOs in the Netherlands are prepared to invest substantially in human resources this area.

In one organisation the major donor fundraiser was also responsible for merchandising and partnerships with companies. The fundraiser wanted two people - one for middle donors and one for major donors. The issue is about prioritisation, with the short term demands of corporate or dm fundraising winning over the longer term requirements of major donor work. Similarly, one large NPO with a substantial major gifts programme had one major donor fundraiser whose responsibilities also included legacies.

Until very recently one NPO had no-one responsible for major donors. This meant that when a potential major donor calls with specific request the switchboard do not know where to send her or him.

Our impression was that the style, energy and activities of an NPO's major gifts programmes depended heavily on the personal characteristics of that individual. That person was the repository of much of the NPO's knowledge of its major donors. This is a significant weakness in Dutch major gifts fundraising, and will remain a weakness so long as NPOs limit major gift staff sizes to 0.5 or 1.0 people.

Internal structures built around departments in NPOs can mean that people do not pass on information. The corporate team in one NPO didn't pass information to the major gifts fundraiser. This "silo" approach to knowledge and information is a significant barrier to the development of major gifts fundraising in some NPOs.

We came across two recent re-organisations, in both cases allowing the fundraiser more scope to carry out her major gift role. In one case the fundraiser had offloaded operational work to a back-office department, freeing her up to give responsive, tailor-made service to her major donors. In another case NPOs had differentiated between people who "talk you in" or recruit donors and others who provide long-term service. This type of model can be seen in other NPOs in Europe – with the donor recruitment function being handled by one person and the account management or follow up work by another. It's a model that works effectively in commerce and should be applicable to NPOs too.

The professional approach described by one NPO involves analysing what you want to achieve, working out the strategy and from that the fundraising structure.

Skills and Professionalism

Interviewees praised the skills of some fundraisers and fundraising teams, but the over-riding comment was that there is a huge range of skill and professionalism in major gifts fundraising. Some organisations do it well and some do not, to put it plainly. One

fundraiser said that there is a big field in the middle where there are professionals, but not enough budget to let them do a professional job.

There is a lack of people with major gift experience. Some NPOs had attracted people with a strong profile (one had experience in charge of client relationships at a private bank, and there were others with banking experience) but many Dutch NPOs, according to one interviewee are dependent on foreign consultants to support major gift programmes.

Pay is also an issue – people, said one interviewee go off and join marketing companies because the pay in the NPO sector is so poor.

Training

Training is clearly an issue – fundraisers we interviewed had learned about major gift fundraising from going to conferences at Civil Society and the International Fundraising Congress, but no other training was available. “We don’t have the capacity – not enough knowledge” complained one interviewee. Another wanted training for board members.

The lack of continuity is a problem here. One interviewee suggested that there were too many short-term contracts and “interim” directors of fundraising and thus no proper investment in staff development.

The lack of training is a significant barrier to the development of major gifts fundraising in the Netherlands.

Knowledge and Information

Databases

There are a wide range of databases available for fundraising in the Netherlands, and we will not be commenting on the relative merits of any one supplier. The issues that we encountered in interview had to do with;

- The capacity to service major donors individually
 - A flexible approach to mailings
- Crossing departmental frontiers – so that a major donor fundraiser could see a corporate donor in the database and vice versa
- Storing biographic information on prospects
- Flagging or labelling major donors in the database

A number of NPOs had created their own list or database of major donors, because the direct marketing system is not equipped with the elements needed for major gift. One NPO had included legacy pledgers in this database.

The lack of data was a clear problem for some NPOs and for one it was the key barrier issue. Many recorded only basic name, address, donor history and contact information. Many NPOs would find it hard to start a major gift programme with no information on donors’ biographies, motivations, contacts or potential. A number of the databases used by NPOs cannot store this type of information. This is a serious limitation to the capacity of Dutch NPOs to develop major gift fundraising.

NPOs in the Netherlands are at a difficult stage for database management - with only a tiny number of NPOs holding data on major donors, database suppliers are not going to see the Netherlands as a significant market. Until they do, NPOs will have to make do with home-built solutions.

Specific Communications

Developing a different communication style or content for major donors is a significant barrier for some NPOs, whose communications departments are already stretched. This may be less of an issue than it sounds; in other countries major donors receive personalised, but not glossy communications.

External Barriers

Do It Yourself Philanthropy

Amongst the new ways of financing social change we heard from a number of interviewees of a move that could threaten NPOs in the Netherlands. Donors are interested in a close link with the project they sponsor, so some of them are starting to give direct to NPOs in developing countries - to build a school in Kenya for example. One major donor was not satisfied with the offer of “themes” such as health, environment or children and so went direct to small, local NPOs.

This form of “do it yourself philanthropy” was emphasised by one development aid organisation who commented that people want to be active themselves but are afraid of the bureaucracy in large organisations. “You can’t see the direct link between the €10,000 gift and the results” in large organisations. But large development organisations are looking at complex issues such as democratisation, the roles of institutions in society, and power relations that are not balanced. This is too complex for some donors who want to go back to the concrete and straightforward “I help you” idea. Donor visits to projects can help but they are not the whole answer.

This phenomenon was investigated in a research carried out by the Donateursvereniging published end of May 2006^{xvi}. Do it yourself donors are often entrepreneurs who combine idealism and a business approach. They want to have a firm grip on where their money goes and how it is spent. It seems that many of them first approached existing large NPOs, but felt that they were not listened to.

One experienced consultant to donors explained that another reason why these donors start their own initiative is the lack of understanding of the nonprofit sector. These donors tend to believe that NPO’s core costs are too high, and do not want to pay for the nonprofit structure.

The situation is not completely hopeless. She sees ways in which existing nonprofit can reverse the trend. First in taking the time to explain to donors why it is important to invest in structure, in being transparent and showing how effective they are. Second, in offering the donors the possibility of setting up their own project under the umbrella of the nonprofit organisation, perhaps by offering donor-advised funds. This enables the donor the feel ownership of the project, to have a direct say in where the money goes and how it is spent, while being able to lean on professional staff and an experienced organisation.

This type of individual initiative is reported to grow fast. In the development aid sector alone about 5,000 such initiatives exist.^{xvii} We think that this is one of the most important challenges for nonprofits will have to address in the coming years if they don’t want to lose a large share of potential major gifts. This is all the more relevant and threatening as the research conducted by the Donateursvereniging shows that these individual initiatives are very successful in raising money from other large donors because donors are often asked by the founder himself, who is a friend. Donors feel closer to the projects they support and report that they have more pleasure giving in this way.

And finally, as the capacity of Southern NPOs is strengthened (by Resource Alliance who hold an annual conference in the Netherlands each year) so we will see more donors giving

direct to Southern NPOs. This will be particularly attractive to major donors and could erode the market for major gifts in the Netherlands.

CBF – Good for Major Giving?

The Centraal Bureau Fondsenwerving emerged as an issue for many NPOs. The argument divided neatly three ways.

Some interviewees felt that CBF was a good thing. One, for example, said that the 25% fundraising spend limit was not too strict, and that it gave confidence to people.

Some interviewees felt that CBF, by limiting the capacity for NPOs to invest in new or untested forms of fundraising, had a stranglehold on development, and thus would be a barrier to the growth of major gift fundraising (or any other new technique) in the Netherlands. One NPO said that they had to make choices all the time between new or experimental fundraising and the traditional forms. The barrier penalises small or start up organisations, because a spend limit of 25% of say a €100.000 income allows no space for new development. A major donor was critical of the limited scope of CBF which reviews fundraising cost but does not measure project quality (he also criticised CBF bureaucracy – “they bury you in an administrative nightmare” – and suggested that this increased costs rather than reducing them.)

There was the sense from two interviewees that the situation with CBF had reached a critical stage, with NPOs increasingly dissatisfied with CBF’s services and regulations. One felt that we could expect changes in the near future.

Other interviewees said that the CBF was not important. “Major donors don’t mention it” said one interviewee, while another felt that major donors are more likely to understand the costs involved in managing a NPO. (In fact, at least one major donor to whom we spoke did talk about the value of CBF.)

The issue may be one of simply having more sources of information about NPO activity; one interviewee would like to see a Dutch equivalent of Guidestar in the US, providing donors with clear, detailed information on NPOs.

Scandal, Transparency and Giving

Scandal and uncertainty about NPOs and their management would, we presumed, be a significant barrier to the development of major gift fundraising. We had read about the press coverage of highly-paid staff in a leading charity, and were concerned also that Dutch law did not require foundations to publish accounts – so anything could be happening.

In fact, our interviewees had a different view.

“The lack of transparency is not worrying to smaller donors” said one interviewee and “...for the large donors they will have to be informed anyway so the lack of transparency is not a problem for them.” But it was important to tell stakeholders what you do, and to produce accounts.

A major donor to whom we spoke said that the recent high-salary media scandals would not stop him giving, although it might reduce his giving. It was the overall media coverage of an organisation that was important to him in his giving decisions.

One interviewee made the comparison with the commercial sector where the Tabaksblat Committee^{xviii} set out a corporate governance code and a code of conduct for directors' pay for Dutch companies. The nonprofit sector needs this type of clarity – and the interviewee welcomed the initiative of the Donateursvereniging (<http://www.donateursvereniging.nl>) in creating the Transparency Prize.

Tax

We asked each of our interviewees whether tax and fiscal relief for giving was a barrier to the development of major gift fundraising in the Netherlands. The universal view was that it is not, but also that the tax situation in the Netherlands is still confused.

In fact the tax situation favours giving – in particular now that gift tax has been removed, thanks in part to Johan Cruyff. “[the] tax changes will have a positive impact” said one major donor. But we found some confusion amongst interviewees on this point.

In general, fundraisers were aware of the tax and fiscal implications of giving. This is positive and will help build confidence amongst donors. But, as one experienced major donor fundraiser pointed out, tax is a complex business and it is vital that fundraisers stay current. Recent changes in taxation had still not been completely clarified with the government unclear about which organisations would be eligible for a zero tax rate.

One interviewee pointed to the recent research of René Bekkers, who reported that the tax deductibility of charitable gifts is not an incentive for donors to give more and that a matching grant from the state to the nonprofit to leverage their gift impact would have a much higher incentive effect.

Bank Transfers

Transferring funds is easy, quick and efficient in the Netherlands. This is not a barrier to the development of major gift fundraising in the country. But one of the most sophisticated major donors was not satisfied with the fact that NPOs leave the money they get from donors in the bank, often for long periods. He wanted to see cleverer, more productive, financial management by NPOs.

Other potential barrier issues

- Stock market performance
 - It's an obvious point, mentioned in other studies, but at least one interviewee reminded us that when the stock market is performing badly, wealthy people have less to give away
- The time-delay in starting up a major gift programme
 - This was not seen as a barrier by one interviewee
- Conservatism
 - One interviewee commented on the conservatism of traditional Dutch charities – saying that they were very slow at taking in new ideas

Future Development

Growth

Growth is the theme that recurred throughout our interviewees. Not one interviewee said that there would be a decline in major gift fundraising in the Netherlands, and most talked about varying levels of growth. One said that major gift fundraising was the subject of the moment amongst fundraisers, and another reminded us that there are over 100,000 family businesses in the Dutch economy and that these will be sold or passed to the next generation over the next few years; in some cases this will create substantial wealth for philanthropy. Some interviewees were more conservative than others and one banker criticised a leading academic for talking about a “golden age of philanthropy.” “I have not seen this happen yet” was his view.

Government

The level of government involvement in the NPO sector is likely to decline – and with that will come a greater need to raise private funding; one interviewee predicted that over the next three years Dutch NPOs will be pushed into reforming their structures and functions as they respond to this need.

Consumers and charity choice

One interviewee spoke about a future in which “donors are more conscious of what they chose” and this view was reflected by a number of others. People will keep giving, but they will make a more specific choice based on what they think is a good charity to give to, and are likely to select one or two. Many people are being encouraged by their banks to set up their own foundations. And donors want to see “what’s in it for me?” The implication for fundraisers is that they must aim to bond the donor closely to the NPO, to ensure that the NPO is amongst those one or two selected. Major donor strategies, of course, are designed to do just that.

Another interviewee, herself a major donor, talked about the fact that the motivations of donors are changing as the types of donors change, and NPOs will have to adapt to these changes.

"There is big potential for NPOs that are able to create projects where donors can be involved" commented one interviewee because people want to be part of a movement.

Women

Women will continue to be a significant market for major donor fundraising in the future, although they can be difficult to research and identify. Their longevity, and the increasing control of wealth by women underline their importance to philanthropy. This will lead to the development of specific strategies for women’s philanthropy – an area in which the Netherlands has led the way.

Donor Advised Funds

Donor advised funds are likely to grow and one interviewee saw this area as having “huge potential.” These funds were referred to by a number of interviewees, and provide an attractive vehicle for donors who want to manage their giving, but not manage a foundation.

Companies

Many fundraisers expect that fundraising from companies will grow, as the feeling spreads that companies have a social responsibility. Because so many businesses in the Netherlands are privately owned there will inevitably be an overlap between corporate giving and personal giving – as has happened in major gift fundraising programmes in France and Germany.

The potential for business to get involved with NPOs as corporate social responsibility gains ground was also emphasised by donors. Not every NPO is in favour and one interviewee described promoting volunteer work by business staff in NPOs. Companies were open to the idea and liked it, but some nonprofits were uncomfortable working with for-profit organisations.

Competition

Growing competition is another factor, and this is clearly a motivator for a number of the fundraisers we interviewed. One interviewee expected that major gift fundraising would develop amongst the non-traditional NPOs such as universities, museums and cultural organisations. Once these organisations have led the way then traditional organisations will follow.

Competition may lead to a concentration of nonprofits, in the view of one interviewee, with the most effective organisations emerging as the survivors. Organisations that are the most effective at telling donors about their work, that can open doors and develop hands-on relationships with donors will grow. Others will find it increasingly hard to survive.

Change from Within

There is also a change from within that is necessary, in the view of at least one fundraiser. “The resource that we have to solve problems is very small. We have so little money compared with the scale of poverty that exists. You have to use your role in a more strategic way. The donation is the easy part – but it’s not only the money. Engaging people in the real problem is much stronger. They do their own fundraising.” She emphasised the importance of change that allows people to truly engage with your organisation; “you have to be open for other people to come in and play a role. People find this difficult because they (the NPOs) believe that they are the experts.”

We had the impression that management in Dutch NPOs was generally either neutral or in favour of the development of major gift programmes. One experienced major gifts fundraiser said that people would be a limiting factor; “...not all organisations have the right people for dealing with major donors. They need to have people who are dedicated, able to link with major donors and advise them.”

Lessons from this Research

The original purpose of this study was “...to assess the potential for major gift fundraising in the Netherlands....” and our view of that potential, seven months after starting the project, is very positive.

Starting with the evidence of existing major gifts we know that people can and will make generous and substantial gifts in the Netherlands, a country that is already generous at both individual and state levels. We know this from Dutch history – where a number of significant Dutch institutions have been founded on major gifts – and from Dutch present, with many of our interviewees reporting major gifts to NPO causes. This is evidence that major gifts are part of Dutch culture.

Wealth in the Netherlands is increasing – both the absolute number of wealthy people and the value of wealth held. This is evidence that the market segment in which major gift fundraising operates is growing.

We have learned that a number of organisations in the Netherlands have developed successful major gift programmes. Many of these programmes are still at an early stage of development but those few that are mature have shown us that it is possible.

There is a great deal more research to do before we can begin to understand the characteristics and motivations of major donors in the Netherlands, and we would welcome the involvement of academic and NPO-sector research teams in investigating this fascinating area. We can see, from the limited research amongst donors carried out as part of this project, that the types of motivation that occur in other countries (wanting more than money can “buy”, religion, personal interest...) also occur in the Netherlands, but more research into the motivations specifically of major donors is needed.

We hope that our review of donors’ expectations will be a useful contribution to the management and planning of NPOs in the Netherlands. This is an area of concern – donors want individual, highly personalised service, intermediaries such as banks want fast, effective service that demonstrates added value, and NPOs are attempting to limit service expectations to match their resources. The Dutch major gift market cannot reach its full potential until these expectations of service fit together.

Information is a key issue for the development of major gift fundraising. We all know the almost apocryphal tales of the volume of information now known about major donors in the USA – and we also know that it can be difficult to find even basic facts about individual donors in the Netherlands. Prospect research is not yet developed in the Netherlands and there are almost none of the tools and publications that go with this specialist arm of fundraising. Specifically, the secrecy surrounding foundations in the Netherlands means that it is very difficult to get a picture of an individual’s philanthropic interests if s/he gives via a foundation. We hope that the law in this area will soon require Dutch foundations to publish annual reports.

The point that NPOs are not yet giving donors what they want, is emphasised when we review internal barriers – the difficult issues inside NPOs that prevent major gift fundraising from developing. There are a number of key areas that need substantial strengthening – starting at the top with volunteer leadership; the Boards of many Dutch

NPOs are simply not engaged enough in fundraising (in any form, including major gift) to drive its development. Investment in major gift fundraising is with a very few exceptions at a very low level, with many organisations surviving on one, or part-of-one, major gifts officer. Training and the supply of skilled people are limiting factors as is the lack of a decent market for database systems.

In the marketplace outside the NPOs, external barriers are linked in our view mainly to donor choice. Donors are choosing to build their own NPO rather than accept what they see as the below-par offerings of existing NPOs and this is already causing a significant impact in the potential for major gift fundraising in the Netherlands. Scandals in NPOs don't help, and the evidence is that the CBF doesn't help either.

The future for major gift fundraising in the Netherlands could be golden – if NPOs manage to offer what their donors want, and if they can persuade donors that they would do better to give their money to an NPO than to do it themselves.

We can't finish this report without mentioning one huge lesson for us as researchers; NPOs, major donors, advisors and consultants in the Netherlands are amongst the most open, willing, helpful and friendly people we have met in years of working in the nonprofit sector. That transparency and co-operation must augur well for the future of philanthropy in the Netherlands.

And finally - Just Ask

**“Dare to ask, or dare to ask more.
I know many organisations that do not dare to ask.”**

Interviewee comment

ⁱ The AFP Fundraising Dictionary defines major gift as “a significant donation for a not-for-profit organisation, the amount required to qualify for a major gift being determined by the organisation.”

ⁱⁱ ***Global Civil Society: Dimensions of the Nonprofit Sector***, Lester M. Salamon, Helmut K. Anheier, Regina List, Stefan Toepler, S. Wojciech Sokolowski, and Associates (Baltimore: Center for Civil Society Studies, 1999) ISBN 1-886333-42-4 / \$34.95.

ⁱⁱⁱ www.donateursvereniging.nl

^{iv} **Secularisering: het probleem voor de filantropie van de 21e eeuw**, René Bekkers, ICS/Sociologie, Universiteit Utrecht, paper presented at the congress on ‘Geschiedenis van de filantropie in Nederland in de 20e eeuw’. Beverwijk, 22 september 2005.

^v This represents 1.33% of GDP, based on OECD measures of GDP (<http://stats.oecd.org/WBOS/ViewHTML.aspx?QueryName=192&QueryType=View&Lang=en>). US donors give around 2% of GDP.

^{vi} Geven in Nederland 2005 - Giften, legaten, sponsoring en vrijwilligerswerk, prof.dr. Th.N.M. Schuyt en drs. B.M. Gouwenberg, ISBN 9789059015999, Reed Business BV, Elsevier Overheid, 196 pages

^{vii} "Uit het hart, goede doelen in een veranderende samenleving" Een uitgave van MeesPierson Charity Management 2001.

^{viii} www.donateursvereniging.nl - Volkskrant 8 augustus 2006

^{ix} Defined as people holding non-property assets of US\$1m or more

^x In some cases it was difficult to distinguish between a gift from a person (the focus of this study) and a gift from a company. Some of the large gifts mentioned here may come from companies.

^{xi} **Opkomst van de vrouwelijke filantroop, Mariëtte Huisjes in: Het Financieel Dagblad, 4-3-2005.**

^{xii} Secularisering: het probleem voor de filantropie van de 21e eeuw, René Bekkers, ICS/Sociologie, Universiteit Utrecht, paper presented at the congress on ‘Geschiedenis van de filantropie in Nederland in de 20e eeuw’. Beverwijk, 22 september 2005.

^{xiii} Note that René Bekkers, in his paper “Anonymous gifts: personal decisions, social backgrounds”, 2003, reports that anonymous giving is “strongly related” to the level of education and religiosity.

^{xiv} See, for example, “Giving and Volunteering in the Netherlands: Sociological and Psychological Perspectives” René Bekkers, Utrecht University, 2004

^{xv} The Octagon Model of Volunteer Motivation, A B Young, *Voluntas* 15, 1, 2004

^{xvi} **Motivatatie en geefgedrag: kleinschalige particuliere initiatieven in de goede doelen branche**, Uitgevoerd door Delphi Fondsen- en ledenwerving Ramses Man en Mark van Hemert In opdracht van de Donateursvereniging

Mede mogelijk gemaakt door NCDO, 23 mei 2006

[http://www.donateursvereniging.nl/fileadmin/bestanden/PDF -
_rapport_Delphi_Donateursvereniging23-5-06mvh.pdf](http://www.donateursvereniging.nl/fileadmin/bestanden/PDF_-_rapport_Delphi_Donateursvereniging23-5-06mvh.pdf)

^{xvii} <http://www.donateursvereniging.nl/index.php?id=656>

^{xviii} See http://en.wikipedia.org/wiki/Morris_Tabaksblat